

THIS DISPOSITION IS NOT  
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SEPT 16, 97

Paper No. 11

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U.S. DEPARTMENT OF COMMERCE  
PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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In re **Capital Bluecross**

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Serial No. 74/**659,192**

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Russell D. Orkin of Webb Ziesenheim Bruening Logsdon Orkin &  
Hanson for applicant.

David M. Mermelstein, Trademark Examining Attorney, Law  
Office 103 (Michael Szoke, Acting Managing Attorney).

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Before Sams, Quinn and Hairston, Administrative Trademark  
Judges.

Opinion by Quinn, Administrative Trademark Judge:

An application has been filed by Capital Bluecross to  
register the mark CHECK IT OUT for "arranging for automatic  
payments of health care subscribers' monthly premium by  
obtaining authorization to debit the subscribers' account at

a financial institution and supervising such payment arrangements for subscribers."<sup>1</sup>

The Trademark Examining Attorney has refused registration on the ground that applicant does not perform a "service" as contemplated by Sections 1, 2, 3, and 45 of the Trademark Act, as amended, 15 U.S.C. §§ 1051, 1052, 1053 and 1127.

Applicant's principal activities involve providing health insurance to subscribers. As a convenience to its subscribers, applicant offers an automated payment option that will deduct the health insurance premium directly from the subscriber's personal banking account. The details of this payment option are explained in one of applicant's brochures, the pertinent part of which is reproduced below:

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<sup>1</sup> Application Serial No. 74/659,192, filed April 11, 1995, based on a bona fide intention to use the mark in commerce. Applicant subsequently filed an amendment to allege use setting forth dates of first use of May 15, 1995.

For many of us in this busy world, remembering to pay our health insurance premium is just one more item on an endless list of things to do.

At Capital Blue Cross and Pennsylvania Blue Shield, we understand the countless demands on your schedule. That's why we've designed a program to help shorten your to-do list. We call it *Check It Out*™.

*Check It Out*™ is an automated payment option that will deduct your Capital Blue Cross and Pennsylvania Blue Shield premium directly from your personal banking account. No checks to write. No envelopes to mail. No hassles. Best of all, it will give you peace of mind in knowing that your health insurance premium is paid on time.

#### How Does It Work?

On the 20th of each month your bank will transfer your Capital Blue Cross and Pennsylvania Blue Shield premium from your banking account directly to Capital Blue Cross. If the 20th falls on a weekend or holiday, the premium payment will be deducted on the next business day. If your account does not have sufficient funds available to pay the premium, Capital Blue Cross will send you a bill. Repeated insufficient funds, however, may cause your insurance to be canceled.

Your participation in *Check It Out*™ does not change your benefits or the terms of your insurance in any way. If premiums change,

Capital Blue Cross will send you a notice in advance.

If for any reason you would like to cancel your participation in *Check It Out*—no problem. You may cancel at any time just by notifying Capital Blue Cross in writing.

#### How Do I Enroll?

To take advantage of this free monthly service, you must complete and sign the attached *Check It Out*™ Enrollment/Change Form. Simply tear off and keep the bottom portion of the form for your records and return the top copy to Capital Blue Cross in the self-addressed envelope. You'll also need to write "VOID" on one of your current bank checks, include your address if it is not already on your check, and return it with your enrollment form. It will take several weeks for your *Check It Out*™ authorization to be processed. Until that time, you may receive a bill for payments. Capital Blue Cross will let you know in writing when you are approved for this program and your automatic payments begin.

#### How Do I Make Changes?

You can make changes easily by completing another Enrollment/Change Form and placing a check mark in the appropriate box. Tear off and attach the bottom copy for your records and send the rest to us.

If you have any questions or need additional Enrollment/Change Forms, please call Capital Blue Cross Customer Service at 1-800-954-5558.

Applicant, in urging that the refusal to register be reversed, argues that an automatic debit payment plan option is not mandatory or required in the health insurance industry. In this connection, applicant submitted the declaration of Mary Jane Forbes, applicant's vice president, general counsel and corporate secretary, wherein she states, in pertinent part, that applicant's services of arranging for automatic payments of health care subscribers' monthly premium by obtaining authorization to debit the subscribers' account at a financial institution and supervising such payment arrangements "are a real activity where the subscribers benefit because they no longer incur the cost and time to assure that their health insurance coverage is maintained; that this service is not a normally performed activity by health insurance providers for subscribers; and

that these services are therefore not merely an ancillary activity necessary to the corporation's larger business." Applicant emphasizes the point that the services for which registration of CHECK IT OUT is sought are not normally expected by consumers of health insurance and constitute a different economic activity not normally provided by health insurance carriers. Applicant also points to the fact that it uses a mark for the identified services which is different from the mark used to identify applicant's

principal services.<sup>2</sup>

The Examining Attorney contends, in refusing registration, that the activity at issue here simply constitutes the acceptance of payment for applicant's own services. The Examining Attorney goes on to contend that the acceptance of payment by automatic debit, although different from the traditional payments by cash, check or credit card, benefits no one other than the payee (that is, the provider of the activity). While applicant's activity may go a step beyond what is traditionally offered in the health insurance industry, this activity, according to the Examining Attorney, amounts to nothing more than agreeing to accept payment in another form. The Examining Attorney concludes, therefore, that the automatic payment plan, as offered by applicant, is incidental to the sale of health insurance, and it is not a service over and above that routinely and ordinarily involved in the sale (i.e., the payment of premiums) of health insurance.

Section 3 of the Trademark Act provides for the registration of service marks. Section 45 of the Act defines, in relevant part, "service mark" as "any word,

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<sup>2</sup> Applicant has made reference to a third-party registration which shows that the Office has issued to a utility company a registration of a mark for services of a type identified in applicant's application. Applicant failed to submit a copy of the registration, and the Board does not take judicial notice of registrations that reside in the Patent and Trademark Office. Thus, the registration is not of record and has not been considered. In re Duofold Inc., 184 USPQ 638 (TTAB 1974).

name, symbol, or device, or any combination thereof used by a person...to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown."

The Federal Circuit has observed that

[t]he Act does not define "services," nor does the legislative history provide such a definition. However, our predecessor court stated that *the term "services" was intended to have broad scope*, reasoning that "no attempt was made to define 'services' simply because of the plethora of services that the human mind is capable of conceiving." [emphasis added]

In re Advertising & Marketing Development Inc., 821 F.2d 614, 2 USPQ2d 2010, 1013 (Fed. Cir. 1987), citing American International Reinsurance Co., Inc. v. Airco, Inc., 570 F.2d 941, 197 USPQ 69, 71 (CCPA 1978), cert. denied, 439 U.S. 866, 200 USPQ 64 (1978). The Court, on another occasion, opined that the omission of a definition of "services" in the Act "suggest[s] that the term should be liberally construed." American International Reinsurance Co., supra at 71. Indeed, prior case law evidences the wide and diverse range of activities that have been found to be "services" sufficient to support a service mark registration. See: J. T. McCarthy, McCarthy on Trademarks and Unfair Competition, § 19:85 (4<sup>th</sup> ed. 1996). The Federal

Circuit has found it instructive to view a service as "the performance of labor for the benefit of another." In re Advertising & Marketing Development Inc., supra at 2014.

The issue here is whether the automatic debit payment plan in connection with which applicant has shown that it uses CHECK IT OUT (i.e., the plan as explained in the brochure of which a portion is reproduced above) is an activity that can be properly characterized as a service in connection with which a service mark can be registered.

An activity that is clearly separate from or over and above that normally expected from one engaged in the sale or distribution of goods and services in a particular field is a service in connection with which a service mark can be registered. In re Dr Pepper Co., 836 F.2d 508, 5 USPQ2d 1207, 1208 (Fed. Cir. 1987). See also: In re John Breuner Co., 136 USPQ 94 (TTAB 1963). That an applicant uses, in conjunction with such activity, a mark different from that used in conjunction with its principal goods or services is also a factor to be considered in determining whether the activity is a service for which a service mark may issue. In re Forbes Inc., 31 USPQ2d 1315, 1318 (TTAB 1994); and In re Congoleum Corporation, 222 USPQ 452, 453-54 (TTAB 1984).

The statute makes no distinction between services on the basis of primary, incidental or ancillary. They need only be services. The fact that a service may be incidental

to a principal service does not make it any less of a service. In re John Breuner Co., supra at 95. In the present case, applicant's principal activity is the provision of health insurance. Although applicant's CHECK IT OUT automatic debit payment plan is intended to facilitate the purchase of health insurance from applicant, applicant is nonetheless rendering a service by making the payment plan available to its subscribers. According to the declaration of Ms. Forbes, the only evidence on this point, the automatic debit payment plan "is not a normally performed activity by health insurance providers for subscribers." We find, quite frankly, this claim to be surprising, but the record is devoid of any evidence to the contrary.<sup>3</sup> Essentially, the undisputed evidence of record establishes that an automatic debit payment plan for subscribers' premiums is not mandatory or required in the health insurance industry.

Further, the benefits resulting from the plan inure to applicant's subscribers as well as to applicant. That is to say, the subscribers enjoy the advantages of an automatic debit payment plan, including the relief from remembering to pay their premiums on time, preparing checks and mailing checks. The plan also reduces subscribers' costs for stamps

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<sup>3</sup> We suspect that the business world will someday soon reach a point where automatic debit payment services might not be perceived by consumers as a separate service, but rather as an activity that is ordinary and necessary in doing business.



and checks. The convenience of applicant's plan may be especially important to the elderly, handicapped or otherwise infirm who might miss a premium payment due to the difficulty for them in mailing a check.

An additional factor in reaching our decision is that applicant advertises its automatic payment plan as a separate service and, in doing so, uses a mark different from the one it uses to identify its health insurance services. There is nothing in the record to suggest that applicant uses CHECK IT OUT in conjunction with any goods or services other than its automatic payment plan services. This tends to show that applicant's automatic payment plan services constitute an activity separate from its principal activity of providing health insurance.

Decision: The refusal to register is reversed.

J. D. Sams

T. J. Quinn

P. T. Hairston  
Administrative Trademark  
Judges, Trademark Trial  
and Appeal Board

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